

## Message Text

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ACTION EB-07

INFO OCT-01 EA-07 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/098 W

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R 040222Z SEP 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6502

INFO USDEL MTN GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 CANBERRA 5907

E.O. 11652: N/A

TAGS: ETRD, AS

SUBJECT: MTN - COUNTRY PROFILE ON AUSTRALIA, ITEM 3

REF: (A) CANBERRA 5875; (B) STATE 181868

1. THIS TELEGRAM TRANSMITS DRAFT TEXT OF ITEM 3 OF  
AUSTRALIAN PROFILE. TEXTS OF ANNEXES A AND B TO FOLLOW.

2. BEGIN TEXT:

TRADE POLICY AND POLICY MECHANISMS.

I. GENERAL TARIFF POLICY

A. OBJECTIVES

1. PROTECTION AND DEVELOPMENT OF MANUFACTURING  
AND AGRICULTURAL INDUSTRIES.

2. TO LESSER EXTENT, ACHIEVEMENT OF CERTAIN  
FOREIGN POLICY OBJECTIVES AS EMEPLIFIED

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BY NON-RECIPROCAL PREFERENTIAL TARIFFS APPLIED

TO CERTAIN IMPORTS FROM LDCS, PARTICULARLY IN  
ASIA-PACIFIC AREA.

3. REVENUES FROM CUSTOMS DUTIES OF RELATIVELY  
LITTLE IMPORTANCE, ACCOUNTING FOR ONLY 5.5 PCT  
OF TOTAL GOVERNMENT REVENUES IN FY 1974/75.

B. SPECIAL FEATURES

1. CUSTOMS BY-LAW SYSTEM

- A. DUTY-FREE OR CONCESSIONAL ENTRY PERMITTED IF EQUIVALENT  
GOODS OF AUSTRALIAN MANUFACTURE  
NOT AVAILABLE.

- B. TWENTY-FIVE PERCENT OF ALL IMPORTS BY VALUE ADMITTED  
UNDER BY-LAW IN FY 1972/73.

- C. MOST BY-LAW IMPORTS ARE CAPITAL GOODS, RAW MATERIALS,  
COMPONENTS OR PARTS.

2. TEMPORARY PROTECTION

- A. TAKES FORM OF QUOTA RESTRICTIONS, TARIFF  
QUOTAS OR INCREASED DUTIES.

- B. RECOMMENDED BY TWO BODIES OF INDUSTRIES ASSISTANCE  
COMMISSION (IAC) AFTER CONSIDERATION OF INDUSTRY  
REQUEST FOR PROTECTION AGAINST IMPORTS.

- (1) TEXTILES AUTHORITY - TEXTILES AND TEXTILE PRODUCTS

- (2) TEMPORARY ASSISTANCE AUTHORITY (TAA) - OTHER PRODUCTS

- C. USED EXTENSIVELY IN LATE 1974, EARLY 1975  
IN RESPONSE TO "IMPORT SURGE."

3. SUPPORT VALUE DUTIES - APPLIED TO IMPORTS OF  
CERTAIN CHEMICALS, ALTHOUGH OF LITTLE IMPORTANCE  
AT PRESENT.

II. NON-TARIFF POLICY

A. SUBSIDIES

1. LIMITED USE MADE ON RECOMMENDATION BY IAC.

2. USED IN FOLLOWING INDUSTRIES:

- A. AGRICULTURAL FERTILIZERS

- B. SHIP-BUILDING

- C. AGRICULTURAL TRACTORS

- D. BOOKS

- B. HEALTH AND SANITARY REGULATIONS - STRINGENT IN  
AUSTRALIA BECAUSE OF CURRENT ABSENCE OF MAY PLANT  
AND ANIMAL DISEASES FOUND ELSEWHERE.

- C. GOVERNMENT PROCUREMENT

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1. POLICY IS TO OBTAIN BEST VALUE FOR MONEY

2. BUT IN "EXCEPTIONAL CIRCUMSTANCES" ON  
MINISTERIAL DECISION AUSTRALIAN GOODS MAY BE  
AFFORDED PREFERENCE.

3. FORMATION OF CENTRAL GOVERNMENT PROCUREMENT OFFICE  
UNDER CONSIDERATION.

D. EXPORT PROMOTION

1. CREDITS, GUARANTEES, AND PAYMENTS INSURANCE.

- A. COVER A VARIETY OF CREDIT SALES OF MAINLY  
MACHINERY AND CAPITAL EQUIPMENT
- B. EMPHASIS ON EXPORTS TO DEVELOPING COUNTRIES  
AND TO STATE TRADING ORGANIZATIONS.
- 2. AGRICULTURAL COMMODITIES MARKETING BOARDS
  - A. COVER 80 PERCENT OF AUSTRALIAN EXPORTS OF  
FOODSTUFFS IN ADDITION TO WOOL
  - B. EXAMPLES: WHEAT BOARD, DIRECT FRUITS CONTROL  
BOARD, WINE BOARD, EGG BOARD
  - C. POWERS VARY, WITH SOME AUTHORIZED TO BUY AND  
SELL AND OTHERS ONLY TO PROMOTE USE OF  
COMMODITY IN QUESTION

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R 040222Z SEP 75

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 6503

INFO USDEL MTN GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 CANBERRA 5907

### III. REGIONAL AND KEY BILATERAL DIMENSIONS

#### A. BILATERAL AGREEMENTS

##### 1. PREFERENTIAL

###### A. WITH UK

(1) TERMINATED FEBRUARY 1, 1973 ON BRITAIN'S ENTRY INTO  
EEC

(2) PREFERENCES BEING PHASED OUT AS  
DUTIES REVISED FOLLOWING IAC INQUIRIES

B. WITH CANADA. APPLIES TO CERTAIN AUSTRALIAN AGRICULTURAL  
GOODS AND CANADIAN TIMBER PRODUCTS AND CERTAIN  
INDUSTRIAL PRODUCTS

C. WITH MALAYA

D. MEMORANDUM OF UNDERSTANDING WITH PAPUA NEW GUINEA

E. NEW ZEALAND-AUSTRALIA FREE TRADE AGREEMENT (NAFTA)

2. NON PREFERENTIAL (MFN)

A. WITH JAPAN, AUSTRALIA'S MOST IMPORTANT TRADING PARTNER

B. ABOUT A DOZEN OTHERS, MAINLY WITH ASIAN COUNTRIES OR  
WITH SOCIALIST NON-MARKET COUNTRIES

B. MULTILATERAL POLICY

1. GATT

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A. CONTRACTING PARTY SINCE 1947

B. HAS NEVER BEEN SATISFIED THAT ORGANIZATION HAS MADE  
IMPACT ON WORLD TRADE IN PRIMARY PRODUCTS ORIGINALLY  
INTENDED

2. OTHER MEMBERSHIPS: UNCTAD, FAO, ECAFE,  
ADB, S. PACIFIC FORUM AND COMMISSION, ETC.

3. INTERNATIONAL COMMODITY AGREEMENTS

A. AUSTRALIA IS MEMBER OF INTERNATIONAL BAUXITE  
ASSOCIATION, IRON ORE EXPORTERS ORGANIZATION, IS  
SIGNATORY TO INTERNATIONAL WHEAT, COFFEE, COCOA,  
SUGAR AND TIN AGREEMENTS

B. ITS STATED OBJECTIVE WITH RESPECT TO  
COMMODITY AGREEMENTS HAS CONSISTENTLY  
BEEN TO "OBTAIN MARKET ACCESS AND PREDICTABLE,  
RENUMERATIVE PRICES"

C. AUSTRALIA HAS PLAYED RESTRAINED, MODERATING  
ROLE IN RECENTLY FORMED EXPORTER'S ORGANIZATIONS,  
NOTABLY INTERNATIONAL BAUXITE ASSOCIATION AND IRON ORE  
EXPORTERS ORGANIZATION

IV. MONETARY POLICY

A. REVALUATIONS IN 1972/73 WERE INTENDED MAINLY AS  
ANTI-INFLATION MEASURES

1. STIMULATE CHEAPER IMPORTS

2. DAMPEN EXPORT EARNINGS INFLOWS

B. THIS POLICY REVERSED IN SEPTEMBER 1974 AS IMPORT  
SURGE COINCIDED WITH ALARMING INCREASE IN  
UNEMPLOYMENT RATE

1. AUSTRALIAN DOLLAR DEVALUED 12 PERCENT

2. LINK WITH US DOLLAR BROKEN TO PREVENT FURTHER  
UPWARD DRIFT IN VALUE OF AUSTRALIAN DOLLAR

C. AUSTRALIAN DOLLAR CURRENTLY ON CONTROLLED "FLOAT"

1. PEGGED TO AVERAGE TRADE-WEIGHTED VALUE OF  
COMPOSITE OF CURRENCIES OF PRINCIPAL TRADING  
PARTNERS

2. AFTER "FLOATING" UPWARD BY 4-5 PCT. AGAINST

\$US TO APRIL 1975, VALUE OF \$A BY SEPTEMBER  
DECLINED TO BELOW \$US1.31, LEVEL AT WHICH "FLOAT"  
BEGAN

V. OTHER POLICY INSTRUMENTS: ACCESS TO SUPPLY  
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- A. EXCEPT FOR BRIEF FLURRY SURROUNDING PRIME MINISTER'S  
REMARKS IN MEXICO IN 1973, GOA HAS SHOWN NO REAL  
INCLINATION TO ENGAGE IN "RESOURCES DIPLOMACY"
1. HAS MADE CLEAR IT DOES NOT INTEND TO "SQUEEZE"  
CONSUMING COUNTRIES
  2. HAS GENERALLY EXERCISED MODERATING INFLUENCE  
IN INTERNATIONAL EXPORTERS GROUPS SUCH AS  
INTERNATIONAL BAUXITE ASSOCIATION AND IRON  
ORE EXPORTERS ORGANIZATION
- B. HAS ALSO MADE CLEAR, HOWEVER, INTENTION TO OBTAIN  
MAXIMUM BENEFIT FROM INDIGENOUS RESOURCES IN TERMS  
OF PRICE AND CONTRIBUTION TO INDUSTRIAL DEVELOPMENT
1. WILL NOT EXPORT URANIUM ORE IN UNPROCESSED FORM
  2. RECENTLY PLACED EXCISE ON HIGHLY PROFITABLE COAL EXPORTS
  3. IN GENERAL INSISTS ON AUSTRALIAN CONTROL OF EXPLOITATION  
OF RESOURCES, PARTICULARLY ENERGY RESOURCES
- C. THOUGH THERE ARE CURRENT INDICATIONS THAT  
MINERALS AND ENERGY POLICY UNDERGOING  
RE-EXAMINATION, THERE IS NO REASON TO EXPECT  
CHANGE IN BASIC FRAMEWORK OF THIS POLICY.

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## Message Attributes

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**Disposition Authority:** CunninFX  
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